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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/20/09

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ARTICLES:

- (1) Interview with Daniel Okimoto, adviser on Japan policy to new U.S. Ambassador John Roos

ASAHI (Page 11) (Full)  
August 20, 2009

(Interviewer: Yoichi Kato, editorial staff)

Following is the gist of the interview with Professor Emeritus

Daniel Okimoto of Stanford University, adviser on Japan policy to U.S. Ambassador to Japan John Roos:

Q: How has the economic crisis impacted U.S. defense policy?

Okimoto: The worldwide recession has probably hit bottom. However, the U.S. economy will not see a V-shaped recovery; recovery will probably be "jagged."

Defense spending will be cut. The Obama administration has already discontinued the production of F-22 stealth fighters and made other achievements, but more will be needed. The defense budget, which was about 7 percent of GDP in fiscal 2008, including allocations in the supplementary budget, will have to be reduced to around 5 percent.

If the extra revenue from the cutbacks is channeled into building high-speed railways and other constructive infrastructure improvement or the development of clean technology, America will be able to return to a path of growth that will not only contribute to its own prosperity, but also to the stability of the world as a whole.

Q: What are the threats that need to be dealt with?

Okimoto: If the world economy does not grow while the gap between rich and poor keeps widening, the world will become unstable. Somalia is a typical example of a "failed state." The anarchy there has become a hotbed of terrorism. Africa and the Eurasian continent should not sink into hopeless poverty. This will be a recipe for dreadful instability.

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Environmental destruction is a new security issue. Global warming will give rise to serious global security issues, such as flooding, famine, and epidemics.

Q: What do you think about the Obama administration right now?

Okimoto: It is working on major pending issues like medical insurance reform. Serious political conflict has emerged with the opposition Republican Party. The reason why the Republican Party is dropping any regard for appearances in attacking the administration is because if President Obama's reforms succeed, the Democratic Party will stay in power for a long time.

On the other hand, if the reforms fail, the U.S. government will face fiscal bankruptcy with the expansion of medical spending. It will then be difficult to make achievements not only in domestic politics but also in foreign affairs.

Q: How about the North Korean nuclear issue?

Okimoto: There has been a regression in this issue with North Korea's successful nuclear tests in 2006 and 2009. The DPRK has succeeded in improving the performance of its missiles. It is believed that it has sold its nuclear technology to Syria, Burma (Myanmar), and probably even Iran and Iraq.

The nuclear genie has been released from the lamp. In addition to the five nuclear powers which are members of the Nuclear Non-Proliferation Treaty (NPT), Israel, India, and Pakistan have obtained a nuclear capability. Even North Korea is now a nuclear power. Iran is moving in that direction and Syria will be interested eventually. The NPT regime is disintegrating.

The question is whether North Korea can be made to abandon its nuclear weapons. I think this will be impossible because nuclear arms are its only deterrent against the United States and are regarded as a symbol of power. Furthermore, in an actual war, North Korea's energy supply will dry up immediately without China's aid. Its only option is to rely on nuclear arms.

So, what is to be done? First, the U.S. should make efforts to enhance the credibility of its expanded deterrence ("nuclear umbrella").

If North Korea attacks South Korea or Japan, the U.S. must retaliate. Furthermore, missile defense is needed in Japan to prepare for a preemptive nuclear strike by the DPRK. The proliferation of nuclear technology will spread the nuclear threat beyond the neighboring countries. Expanded deterrence will not be effective and it will be extremely difficult to stop its spread.

Second, the U.S. should not return to the negotiating table right away just because the journalists detained by the DPRK were released. Even if it negotiates with North Korea, this should only be within the framework of the Six-Party Talks.

The Six-Party Talks participants need to clarify their individual roles in the event of an internal collapse in the DPRK. They should also discuss a new security framework for Northeast Asia.

Q: What will be the impact of the Japanese political situation on

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the Japan-U.S. relationship?

Okimoto: Even with a change of administration, the situation is expected to be volatile in the next few years.

In the past few weeks, senior Democratic Party of Japan (DPJ) officials have been making more moderate statements on the bilateral alliance, including on the question of the relocation of Futenma Air Station. The party appears to be aiming at a smooth transition of government and preventing issues in managing the alliance from being entangled with other reforms. It is trying to win popular support by prioritizing the domestic economy and assisting child rearing. If it tries to take on the revision of the Japan-U.S. Status of Forces Agreement (SOFA) as well, it may have too much on its hands. If the DPJ comes to power, it will be able to make achievements by assessing the status quo first and developing a pattern of managing the bilateral relationship in cooperation with the Obama administration.

Q: What do you think of the present state of the alliance?

Okimoto: The situation is satisfactory, but there are areas where new directions are possible. First, a broader concept of security should be developed. It is necessary to include environmental issues, global warming, aid to Africa, and other issues. This will help prevent poverty, epidemics, natural disasters, and so forth from aggravating conflicts, and become a force toward economic recovery.

(2) Torn between "hatred" and "instability"

SANKEI (Page 1) (Abridged)  
August 19, 2009

Masato Inui, political department director

After a long period of time following Prime Minister Taro Aso's declaration of the dissolution of the House of Representatives on July 13, the election campaign finally kicked off yesterday. I would like to write that the historic campaign kicked off with the reins of government at stake, but in reality, the outcome of this battle is basically already determined.

Prime Minister Taro Aso's low popularity reflects not only the people's discontent with his economic policy but also their hatred of the government and the Liberal Democratic Party (LDP) which have failed to drastically reform a variety of systems, including the civil servant system. Since the Lower House dissolution, there have been three chances for the LDP to turn the tables, but the party failed to take advantage of them.

First, the party failed to produce a solid manifesto (campaign pledges). To counter the Democratic Party of Japan's (DPJ) pork-barrel policies, such as providing a child care allowance and making all expressways toll free, the LDP came up with similar policies that eventually deprived its manifesto of balance. From the

21st century ad hoc committee, the LDP manifesto got a score that was even lower than the score for the DPJ manifesto which lacks sufficient funding sources.

Second, the LDP failed to field strong candidates. The lineup of its candidates running in the proportional representation section, which

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is nearly the same as that of the "postal election" four years ago, is fatal. It is only natural for consumers to turn their backs on the old-established store that sells out-of-season products while bragging about its brand name.

Another fact is that Prime Minister Aso did not pay homage at Yasukuni Shrine on Aug. 15. Aware of DPJ President Yukio Hatoyama's eagerness to build a secular national memorial for the war dead, Aso said, "(Paying tributes to the war dead) must be kept far away from the political and media fuss." Many LDP supporters found this comment disappointing. To any conservative lawmaker, paying homage to those who sacrificed themselves for the country must be an essential political act.

Armed with lackluster policies and candidates, the LDP is certain to face an uphill battle. It can be said that the LDP's self-destructive steps have set the stage for the establishment of a DPJ-led administration.

At the same time, thanks to the long-running campaign, the instability of a DPJ administration is already being felt.

Japanese flags were cut up to create the DPJ's insignia during a meeting [in Kagoshima Prefecture]. This is not a minor incident by any means. Disrespect for the national flag clearly shows the instability of the DPJ which also includes former Japan Socialist Party ranks who have opposed the national flag and the national anthem.

President Hatoyama's inconsistent remarks on legislating the three nonnuclear principles and his positive stance on granting local voting rights to permanent foreign residents also fall in the realm of instability. Management of the party is most unstable.

The process of determining the rankings of the candidates running in the proportional representation section, which can dictate the fate of the candidates, was a symbolic event. That work was left entirely to Deputy President Ichiro Ozawa after Hatoyama and Secretary General Katsuya Okada left the party headquarters on the night of Aug. 17. Whom do the high-ranked candidates feel indebted to? The answer is clear.

Torn between hatred of the LDP and apprehension about the DPJ, which party will voters opt for? They could vote for other parties and candidates. There are more than 10 days left for them to make up their minds.

(3) "Ozawa children" to multiply in DPJ after general election

ASAHI (Page 4) (Excerpts)  
August 20, 2009

The Democratic Party of Japan (DPJ) is reported to be leading in the general election. Because the party suffered a crushing defeat in the 2005 general election, if it wins a majority of seats single-handedly this time, the number of DPJ House of Representatives members will increase by more than 100 percent. In such a case, since many of the neophyte Diet members are close to Deputy President Ichiro Ozawa, the size of the Ozawa group is expected to be exceptionally big. This is likely to affect the political dynamics inside the party.

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Recruitment of neophytes

The DPJ is fielding a total of 330 candidates in the forthcoming general election - 113 of them served in the Diet until the recent dissolution; 53 are former Diet members; and 164 are first-timers. If the DPJ wins and succeeds in taking over power, there will be a large number of neophyte Diet members. In the event the party wins 241 seats, giving it majority control, there will be at least 75 neophytes even assuming all the former Diet members get elected. This will mean that at least 30 percent of DPJ legislators will be neophytes.

Senior officials of the various groups in the party are campaigning very hard right now, bearing in mind the influence of their group in the party after the election.

However, Ozawa, who is deputy president in charge of elections, enjoys an exceptional advantage since he has been solely responsible for recruiting candidates since his days as party president. He often sends his personal secretaries to the neophyte candidates to give them campaign advice and has been expanding his influence in this manner.

The 38 new House of Representatives members elected during the 2007 Upper House election are called "Ozawa children," and Ozawa exercises great influence on them. As of now, the Ozawa group has a membership of around 50. However, one mid-ranking member says that "this number will increase to around 100 after the election." It appears that a solid political base for Ozawa's "return to power" will be established.

The Ozawa group has its roots in the former Tanaka faction, which ruled the Liberal Democratic Party (LDP) for many years. It boasts of solid unity, a team of capable secretaries, and abundant political funds. The other groups in the DPJ, unlike the LDP factions, are loose organizations which will not be able to compete with Ozawa. Another senior DPJ official expresses concern that, "If he has enough people, it is also possible that Mr. Ozawa may leave the party to become a third force, in order to hold the casting vote in political maneuverings."

(4) 2009 Lower House election: Target for seats and simulation of three political situations

NIKKEI (Page 3) (Full)  
August 19, 2009

The House of Representatives election on Aug. 30 holds the possibility of determining the framework for the future government. The main focus of attention is on whether the coalition government of the Liberal Democratic Party (LDP) and New Komeito will continue to exist or a government led by the Democratic Party of Japan (DPJ) will come into being. Depending on the outcome of the election, it is conceivable that the political situation will become chaotic and political realignment will occur. The newspaper envisions three possible scenarios.

Case 1: A DPJ-led administration

DPJ President Yukio Hatoyama clearly said in a debate on Aug. 12 with Prime Minister Taro Aso.

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"Regardless of how many Lower House seats the DPJ will win, I want to take action along with the Social Democratic Party (SDP) and People's New Party (PNP) with an eye on a coalition government of the three parties."

If his remarks are taken at face value, a DPJ administration or a DPJ-SDP-PNP coalition government will be inaugurated.

The three parties are gradually making strategic moves in an effort to form a coalition government. They unveiled on Aug. 14 their common policies, which will become the basis for consultations on the formation of a coalition government. The common policies include a policy of drastically shifting from the structural reform policy the LDP-New Komeito government has implemented since the Koizumi

administration, including a substantial review of the postal services and abolition of the health care system for people aged 75 and older.

However, diplomatic and security policy could become a source of contention for the three parties. Hatoyama plans to go along with cargo inspections onboard ships going in and out of North Korea, as well as the Self-Defense Forces' antipiracy mission in seas of Somalia. However, the SDP has opposed any overseas deployment of the SDF.

The DPJ needs to form a coalition with the SDP and PNP because it does not have a majority in the House of Councillors. Hatoyama, appearing on an NHK program on the evening of Aug. 18, stated: "Even if we increase the number of Lower House seats, we will not be able to hold a majority without the cooperation of the SDP and PNP."

The DPJ has 108 Upper House seats, excluding Upper House President Satsuki Eda, of the 240 (two vacancies). The joint parliamentary group of the DPJ, PNP, and New Party Nippon has 118 seats, three seats short of a majority, which is necessary for the Diet vote on the prime minister and enacting bills.

On Aug. 15, Makiko Tanaka and her husband Naoki Tanaka announced that they have joined the DPJ. If the DPJ holds a single-party majority in the Upper House, increasing its seats in next year's election, the necessity for it to link up with the SDP and PNP will weaken. If so, the three-party coalition would be undermined.

Case 2: If LDP-New Komeito coalition government continues, ending the "politically divided Diet situation" will be difficult

Aso stressed on an NHK program on Aug. 18: "It will be a big challenge for the LDP and New Komeito to win a majority of 241 seats. In order to achieve that goal, I want to do my best." If the LDP and New Komeito maintain a majority in the upcoming snap election, the framework of the present administration will not change.

However, the lopsided Diet situation will continue because the opposition camp holds a majority in the Upper House. In this situation it will be difficult for the LDP and New Komeito to gain more than two-thirds of Lower House seats, which is necessary for the lower chamber to re-adopt bills voted down in the Upper House. Therefore, Diet deliberations are certain to face dead-ends.

The LDP and New Komeito have 103 Upper House seats, including Vice President Akiko Santo. Even if four seats, including Hideo Watanabe,

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who bolted the DPJ and Reform Club members, are added to the 103, the LDP and New Komeito are 14 seats short of the 107, a majority of the Upper House. It is conceivable that the two parties will try to cut into independent and DPJ Upper House members, but will not be that easy to dissolve the current political divided Diet situation.

Case 3: If both ruling and opposition camps fail to secure a majority in the Lower House, there will be a possibility for political realignment

What will happen if both the ruling LDP-New Komeito camp and the opposition DPJ-SDP-PNP bloc fail to win a majority in the Lower House election?

It is safe to say that the two sides will desperately try to win as many Lower House seats as possible on their sides. So, an unstable political situation will likely continue for the time being.

Chances are that Your Party and a group led by Takeo Hiranuma, former international trade and industry minister, will hold the casting vote. In addition, the DPJ is expected to cut into the liberal group in the LDP, while the LDP is expected to cut into the conservative force in the DPJ.

The JCP's moves could also change the situation. JCP Chairman Kazuo

Shii stated on his party's response to the Diet vote for the prime minister: "It may well be that we will vote for the DPJ in the final round of voting." Regardless of whichever side takes the political helm, a minority government will be launched. Therefore, the possibility will likely become stronger that political realignment will occur.

(5) Political parties vying for 10 million unaffiliated votes

NIKKEI (Page 2) (Abridged)  
August 19, 2009

The Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) are clashing over policy in the campaign for the Aug. 30 House of Representatives election.

"I was defeated despite your strong support," said Shigeru Uchida at an election strategy meeting on Aug. 10 chaired by Finance Minister Kaoru Yosano. "I am very sorry." Uchida was beaten in the race for Chiyoda Ward in the Tokyo metropolitan assembly election by Yoshiyuki Kurishita, a 26-year-old DPJ-endorsed first-time candidate. Kurishita revealed his intention to run just before the official announcement of the election.

Chiyoda Ward is an LDP stronghold in the Tokyo No. 1 District, from which Yosano is running in the Lower House election. The defeat of Uchida, an LDP heavyweight, shocked the party. The Uchida camp was distraught by the fact that he garnered nearly 1,000 more votes than in the previous election but was still defeated. Taking into account such factors as increases in population and in voter turnout by 12 percentage points, the LDP calculates that more than 80% of the 6,000 floating votes went to the DPJ.

The outcome of this contest is hard to fathom. Uchida grumbled, "People tend not to choose on the basis of policies or achievements but rather as they would choose fashions, swayed but what is in

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vogue." Yosano is aiming to attract unaffiliated voters by resorting to such tactics as delivering stump a speech from the deck of a boat as it sails down a canal within view of high-rise condominiums. Many of their residents are swing voters.

Kurishita engaged in a short-term campaign. He visited nursery schools with the aim of attracting the generation raising children. The strategy of attempting to attract citizens who have not voted in the past rather than rely on the party has also been adopted by Banri Kaieda, a rival of Yosano in the upcoming Lower House election.

With the political winds blowing in its favor, the DPJ decided to field Makoto Yamazaki, a Yokohama assembly member, as its candidate in the Kanagawa No. 8 district in the Lower House election.

"Copies of the [DPJ's] manifesto are available." So reads a banner flying in front of Yamazaki's campaign office. Yamazaki is not yet widely known, but a number of people have visited the office to pick up a copy of the manifesto. When he stumps in front of stations, he distributes copies along with his name card. He is singling out unaffiliated voters who live in Yokohama but commute to Tokyo.

(6) Pre-election poll on public trends

TOKYO SHIMBUN (Page 11) (Full)  
August 18, 2009

#### Questions & Answers

(Figures are percentages. Figures in parentheses denote the results of the last survey, conducted Aug. 8-9.)

Q: To what extent are you interested in the upcoming general election for the House of Representatives?

Very interested 47.1 (47.1)

Somewhat interested 40.2 (40.6)

Not very interested 9.9 (9.9)  
Not interested at all 2.4 (2.4)  
Don't know (D/K) + no answer (N/A) 0.4 (---)

Q: Which political party's candidate are you going to vote for in your single-seat constituency in the general election?

Liberal Democratic Party (LDP) 18.8 (14.8)  
Democratic Party of Japan (DPJ or Minshuto) 34.1 (35.2)  
New Komeito (NK) 3.0 (2.2)  
Japanese Communist Party (JCP) 2.4 (2.4)  
Social Democratic Party (SDP or Shaminto) 0.5 (0.5)  
People's New Party (PNP or Kokumin Shinto) 0.5 (1.0)  
Your Party (YP or Minna no To) 0.3 (---)  
Reform Club (RC or Kaikaku Kurabu) --- (---)  
New Party Nippon (NPN or Shinto Nippon) --- (---)  
Other political parties, groups 0.4 (0.1)  
Independent candidate 0.3 (1.8)  
None 3.2 (4.5)  
Undecided 34.2 (36.4)  
D/K+N/A 2.3 (1.1)

Q: Which political party are you going to vote for in your proportional representation bloc?

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LDP 16.5 (13.3)  
DPJ 32.6 (34.1)  
NK 4.9 (3.8)  
JCP 3.8 (3.6)  
SDP 1.1 (1.4)  
PNP 0.9 (0.7)  
YP 0.7 (---)  
RC --- (---)  
NPN 0.2 (---)  
Other political parties, groups 0.2 (0.2)  
None 1.7 (3.6)  
Undecided 35.1 (38.0)  
D/K+N/A 2.3 (1.3)

Q: What do you weigh the most when you vote in the general election?

Social security, such as pension and healthcare 40.5 (38.9)  
Economy, job security 32.1 (33.3)  
Taxation, such as consumption tax 8.2 (8.4)  
Decentralization, administrative reform 6.0 (5.2)  
Constitutional reform 0.6 (1.8)  
Foreign relations, national security 2.5 (2.6)  
Politics and money 4.0 (4.4)  
Political pedigree 0.5 (1.1)  
Other answers 1.9 (0.6)  
D/K+N/A 3.7 (3.7)

Q: Are you going to vote in the upcoming election?

Yes for sure (including early voting) 77.5 (76.2)  
Yes if possible 17.6 (20.2)  
No 4.5 (2.9)  
D/K+N/A 0.4 (0.7)

Q: What form of government would you like to see after the next general election?

LDP-led coalition government 18.2 (17.0)  
DPJ-led coalition government 40.8 (40.9)  
LDP-DPJ grand coalition 11.9 (12.0)  
New framework through political realignment 17.3 (18.8)  
D/K+N/A 11.8 (11.3)

Q: When comparing Prime Minister Taro Aso and DPJ President Yukio Hatoyama, who do you think is more appropriate for prime minister?

Taro Aso 19.5 (19.8)  
Yukio Hatoyama 48.6 (49.5)



D/K+N/A 31.9 (30.7)

Q: Is there a political party you usually support?

Yes 30.7 (29.9)

No 68.3 (69.6)

D/K+N/A 1.0 (0.5)

Q: (Only for those who answered "yes" to the foregoing question)  
Then, which political party do you support?

LDP 46.9 (45.4)

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DPJ 29.0 (30.0)

NK 9.9 (8.4)

JCP 8.4 (9.9)

SDP 2.3 (3.3)

PNP 1.7 (---)

YP --- (---)

RC --- (---)

NPN --- (---)

Other political parties, groups --- (0.3)

D/K+N/A 1.8 (2.7)

Q: (Only for those who answered "no" to the foregoing question) If  
you were to support a political party, which political party would  
you like to choose?

LDP 18.0 (17.6)

DPJ 36.6 (37.9)

NK 2.2 (1.7)

JCP 2.1 (2.7)

SDP 0.6 (1.3)

PNP 0.4 (0.8)

YP 0.7 (---)

RC 0.1 (---)

NPN 0.1 (---)

Other political parties, groups 0.2 (0.4)

Still none 37.8 (35.8)

D/K+N/A 1.2 (1.8)

Q: Do you support the Aso cabinet?

Yes 18.5 (7.7)

No 71.2 (72.9)

D/K+N/A 10.3 (9.4)

Polling methodology: This survey was conducted across the nation on  
Aug. 15-16 by Kyodo News Service on a computer-aided random digit  
dialing (RDD) basis. Among randomly generated telephone numbers,  
those actually for household use with one or more eligible voters  
totaled 1,763. Answers were obtained from 1,236 people.

(7) Yellow light for Japan's fighter production

NIKKEI (Page 11) (Full)  
August 20, 2009

The yellow light is on for Japan's continued production of fighter  
jets. The Air Self-Defense Force has been procuring F-2 fighter  
support planes, and this F-2 acquisition plan is set to end in  
fiscal 2011. Before that, however, Lockheed Martin Corporation,  
which produces the wings and some other components for the F-2, will  
close its production line this month. If that is the case, it will  
be difficult for the ASDF to continue its procurement of F-2 fighter  
jets. Consequently, Mitsubishi Heavy Industries, Ltd. (MHI) will  
also have to end its F-2 assembly in fiscal 2011.

The ASDF is currently in the process of selecting the follow-on  
fighter support (FX) plane model to replace the F-2. Japan's  
licensed production of the FX model, however, will start in fiscal  
2018 or later. The ASDF will inevitably have a considerable blank  
period of time until then, so MHI deems it difficult to maintain its  
production setup.

The F-2, which attracted a lot of attention as the FSX when planned, was co-developed by Japan and the United States. MHI and other Japanese contractors have taken on 60% of its production, with Lockheed Martin and other U.S. contractors having undertaken 40%. The ASDF had initially planned to introduce a total of 141 F-2 jets. However, F-2 production has now been reduced to 94 due to cuts in the defense budget and for some other reasons. The F-2 was last ordered in fiscal 2007, and the last batch of F-2 jets will be delivered in fiscal 2011. Lockheed has now completed its production of components for the last F-2 jets and will remove the production line from its Texas factory this month.

Japan's production of fighter planes once ceased after its August 1945 defeat in the war. In the 1950s, Japan resumed producing fighter planes. This production played a major role in introducing technical know-how for engines and fuselages. Of late, it has brought about derivative effects as seen from its development of technologies like molding composite materials for passenger planes and automobiles. So, what will happen if Japan discontinues its production of fighter jets? In that case, one of the possible consequences is that Japan will not be able to hand down its technical know-how for the development and production of fighter jets. For this reason, MHI has asked the Defense Ministry and Lockheed to prolong the F-2's production.

Japan's defense industry has been attaching expectations to the FX for Japan's continued production of fighter jets. However, Japan has been falling behind in its screening of candidate models. The F-22, a U.S.-developed state-of-the-art stealth fighter, was the most likely candidate for the FX, and Tokyo asked Washington for the F-22. However, the United States is highly likely to discontinue its F-22 production. At this point, the F-35, now being co-developed by nine countries including Britain and the United States, is a likely candidate.

Japan's licensed production is reportedly more likely to be authorized for the F-35 than in the case of the F-22. However, the F-35's actual deployment is still far ahead in the future. Even if Japan is allowed to produce F-35s under license, it looks like their first delivery to the ASDF will be in around 2018. If there is no delivery for seven years, it is uncertain whether the ASDF can prepare alternatives.

Japan's aviation industry has depended on the Self-Defense Forces for projects. However, the SDF has no plans for now to develop new aircraft. One person from the aviation industry voiced concern, saying: "The way things are going, Japan's technology will decline." In recent years, the biggest project was Kawasaki Heavy Industries' development of the XP-1 patrol aircraft (formerly called the PX) and the CX cargo aircraft. The CX, however, showed poor results in its strength test, so it has not yet made its first flight.

(8) Escalating nuclear power generation business: Japan, U.S., and Europe battling for [nuclear reactor] orders (Part 1)

Yomiuri (Page 8) (Full)  
August 20, 2009

Nuclear power plant construction projects are thriving worldwide in response to the global warming issue and a surge in emerging nations' energy demand. Japanese manufacturers, which are proud of their technological capabilities, aim to expand business

opportunities, while the United States and European countries, private sector as well as public sector, are battling to get orders. In this article, we will introduce the current situation of the escalating nuclear power generation business.

"A nuclear power plant will create vast amounts of exports, employment, and the huge amount of energy that Indian people need" - U.S. Secretary of State Hillary Clinton reiterated the importance of

a nuclear power plant in India when she visited the country on July 120. U.S. companies aim to receive orders for two nuclear power plants planned for construction in India. The United States aims to beat out European companies, which are taking the lead with government support.

France is also working hard on "nuclear power plant diplomacy." French President Nicolas Sarkozy visited the United Arab Emirates (UAE) in May to attend an opening ceremony of a French military base. President Sarkozy intends to deepen France's relationship with the UAE through the military base and gain an upper hand in securing orders for three or four nuclear power plants, which will start operation by 2020. The French Government offered to construct a branch of the Louvre Museum [in Abu Dhabi]. Some call the offer a "bait to secure orders" (Japanese company).

The escalating sales activities of leaders of the United States and Europe indicate a growing movement in the world to return to nuclear power.

The United States refrained from building nuclear power plants after the Three Mile Island accident in 1979, but shifted its policy in 2002. Projects are now underway to build more than 30 new plants. European nations took a policy of abandoning nuclear power plants after the Chernobyl accident in 1986, but they have also altered their policies. One after another, the United Kingdom, Italy, and Sweden decided to permit the construction of nuclear power plants.

As of January 2009, about 120 nuclear power plants are either being constructed or planned, meaning that there will be a 30% increase in the number of nuclear power plants in the world (432 plants).

The biggest factor is the expected chronic power shortage due to a sharp increase in emerging countries' energy demand. Even if China operates 11 nuclear power plants, it will only cover 2% of its domestic energy production. It has also been pointed out that a nation's desire to secure energy on its own causes a surge in energy security awareness. Another factor is that [nuclear power generation] has a merit in countering global warming in that it emits much less carbon dioxide than fossil fuel.

There are three main groups contending for projects: Toshiba Corporation and U.S. Westinghouse Electric (WH); Hitachi, Ltd. and U.S. General Electric; and Mitsubishi Heavy Industries, Ltd. and French Areva. Japanese companies are involved in all of these groups. The cost to construct a large nuclear power plant is about 400 billion yen. There is a chance for Japanese companies to develop it into a huge business. Toshiba expects nuclear power-related sales to double to 15 trillion yen by fiscal 2015. Other companies are also showing enthusiasm by saying that "Japanese companies have continued to construct and operate nuclear power plants. We can take advantage of our strength." (Hitachi senior official)

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However, it remains unknown whether things will proceed according to plan. The United States froze a construction plan for a final disposal site for spent nuclear fuel in Nevada in May due to pollution concerns. The global recession as well as a deep-seated nuclear allergy is also casting a shadow. Investment risk is a burden for companies, which are stuck in weak business performance. Deteriorating finances will be an obstacle to receiving government assistance. The future of the nuclear power business is still a mixture of hopes and concerns.

#### (9) TOP HEADLINES

Asahi:  
Poll: DPJ likely win 300 seats in Lower House election

Mainichi:  
LDP, DPJ show clear differences in views on diplomacy, economy

Yomiuri:

Election campaign hit by new flu epidemic

Nikkei:

Next-generation traffic system to be introduced to avoid jams, accidents

Sankei:

Manifestos of DPJ, LDP: DPJ puts off system reforms to four years from now; LDP to shorten period for comparing pension records to next year?

Tokyo Shimbun:

GHQ's counterfeit bill operation against North Korea during Korean War

Akahata:

JCP Chairman Shii shows future of Japan and JCP's position of being constructive opposition party

(10) EDITORIALS

Asahi:

(1) Will the 2009 general election free Japan from the spell of "postwar diplomacy"

Mainichi:

(1) Positive economic growth: Time to strengthen the foundation of the economy

(2) Is the DPJ serious about measures for the disabled? (By Kazuhiro Nozawa)

Yomiuri:

(1) Agricultural policy: Strengthening the foundation of Japanese agriculture should be top priority

(2) The passing of Kim Dae Jung: Verdict still out on the Sunshine policy

Nikkei:

(1) Discussion of the substance of "political leadership" necessary

(2) New-type flu epidemic

Sankei:

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(1) How does DPJ view the national flag?

(2) The unfinished business of Kim Dae Jung's conciliatory policy

Tokyo Shimbun:

(1) New-type of flu: People with underlying conditions should take precautions

(2) 2009 Lower House election: Political parties should compete in strategies for nurturing the next generation

Akahata:

(1) The most important thing is to improve people's livelihoods

(11) Prime Minister's schedule, August 19

NIKKEI (Page 2) (Full)

August 20, 2009

08:10

Departed from Haneda Airport on JAL 1151.

09:26

Arrived at Obihiro Airport [in Hokkaido].

10:11

Delivered a stump speech at the north exit of JR Obihiro Station.

10:48

From the station placed telephone calls to the LDP candidates.

14:07

Delivered a stump speech in front of Asshu in Asahikawa.

14:30

Left JR Asahikawa on Super-Kamui 34.

15:51

Arrived at JR Sapporo Station.

16:02

Delivered a stump speech at an intersection in Sapporo.

17:43

Departed from Chitose Airport on JAL 528.

18:57

Arrived at Haneda Airport.

19:41

Arrived at his official residence.

(Corrected copy) North Korea was prepared to reinvestigate abductions, but aborted due to PM Fukuda's resignation

ASAHI (Page 4) (Excerpts)

August 20, 2009

It was learned that based on an agreement at the Japan-DPRK working level talks in August 2008, North Korea had decided to launch a committee to reinvestigate the abduction issue in early September 2008. A specific date had also been fixed through coordination with the Japanese side. However, shortly before the committee was to be launched, then Prime Minister Yasuo Fukuda announced his resignation

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on September 1, which prompted the North Koreans to suspend the plan. There is a view within the Japanese government that if Fukuda had not resigned, the reinvestigation might have started.

According to a government source, after the bilateral talks in Shenyang, China, on August 11-12, 2008, a date for launching the committee was determined through coordination between the two sides. Fukuda had also approved of the plan after receiving a report from the Ministry of Foreign Affairs.

However, Fukuda announced his resignation right before the committee's launch. The North Koreans then notified the Japanese government of its decision to "postpone the start of the reinvestigation until we can determine how the new administration will handle the matters agreed upon at the working level talks." The above government source noted that "the investigation committee was just about to be launched." It is believed that the DPRK had had great expectations of the Fukuda administration, which had shown enthusiasm about normalizing bilateral relations.

Since the start of the Aso administration, the government has asked North Korea repeatedly to launch a reinvestigation, telling it that "the policy on implementing the agreement remains unchanged." While the DPRK has not negated the previous agreement, it has not made any specific response.

The dominant view in the Japanese government right now is that "North Korea will not take any action at least until the DPRK policy of the new administration formed after the general election becomes clear." Since North Korean issues are expected to proceed with the U.S. and the DPRK as the main players from now on, strengthening cooperation with the U.S. for a solution to the abduction issue will also be an issue for the new administration.

ROOS